

ND small business investment company investment reporting form

ND small business investment tax credit (N.D.C.C. ch. 10-30.2)

Purpose of form

This form facilitates the administration of the tax credit allowed under N.D.C.C. ch. 10-30.2 for making an investment in equity or debt instruments or securities offered by the North Dakota Small Business Investment Company ("SBIC"). This form must be filed for each qualified investment—see **Instructions for SBIC**.

Tax credit

The tax credit is allowed to the following taxpayers:

- An individual using Form ND-2 (Optional method).
- An estate or trust using Schedule 2 (Optional method), Form 38.
- A corporation using Form 40.
- A financial institution using Form 35.
- An insurance company subject to the premium tax imposed under N.D.C.C. § 26.1-03-17.

Note: The premium tax is administered by the North Dakota Commissioner of Insurance. Questions about the premium tax should be directed to the ND Insurance Department.

Important: Even though an investment is made by an insurance company, this investment reporting form must be filed with the ND Office of State Tax Commissioner.

Pass-through entity. A partnership, S corporation, or other pass-through entity is also considered an eligible taxpayer for this purpose. The tax credit is determined at the pass-through entity level and is passed

through to the entity's owners in proportion to their respective ownership interests.

Amount of credit. The tax credit is equal to the amount of the qualified investment multiplied by:

- 50 percent, if the taxpayer is a financial institution using Form 35 or an insurance company subject to the premium tax imposed under N.D.C.C. § 26.1-03-17.
- 25 percent for all other eligible taxpayers—see **Tax credit** for eligible taxpayers.

The tax credit is first allowed in the tax year in which the investment is paid for in full. (Note: The date on which the investment is paid for in full is the date that must be entered on this form by the SBIC.) If the tax credit exceeds the tax liability for the tax year in which the tax credit is first allowed, the excess tax credit may be carried forward up to seven tax years.

An individual who uses Form ND-1, or an estate or trust that uses Schedule 1 of Form 38, is not eligible for the tax credit for the tax year in which Form ND-1 or Schedule 1 of Form 38 is used, nor for any subsequent tax year to which an excess tax credit could have been carried.

Instructions for SBIC

You must complete Parts 1 and 2 of this form for each qualified investment that has been paid for in full. File a copy of the completed form with the ND Office of State Tax Commissioner within 30 days of the date on which full payment for the investment was received.

Give two copies of the completed form to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's files. Keep a copy for your files.

An individual authorized to act on behalf of the SBIC must sign this form. To designate an accountant, attorney, or other person to sign this form, obtain and complete North Dakota Form 500 and file it with the Individual Income Tax Section, North Dakota Office of State Tax Commissioner.

Instructions for taxpayer

The SBIC must give two copies of this form to you within 30 days of the date on which you fully pay for a qualified investment. To claim the tax credit, you must attach one of the copies to your North Dakota tax return. Keep the other copy for your records.

Assistance

Call

- 1-800-638-2901 or (701) 328-3450
- TDD/TTY users—Call Relay ND at 1-800-366-6888 (ask for 1-800-638-2901)

Write to

Individual Income Tax Section
ND Office of State Tax Commissioner
State Capitol, 16th Floor
600 E. Boulevard Ave.
Bismarck, ND 58505-0599

E-mail

individualtax@state.nd.us

Part 1—Taxpayer information

Name of taxpayer		Social security number or FEIN	
Address	City	State	ZIP code
Payment date —enter the date on which full payment for the investment was received by the SBIC ▶		Payment amount —enter total amount paid for the investment ▶ \$	
Type of investment (check one):			
<input type="checkbox"/> Equity securities		<input type="checkbox"/> Debt instruments/securities	

Part 2—SBIC information

Name of SBIC		Federal employer identification number	
Address	City	State	ZIP code
Printed name of authorized representative	Title	Signature of authorized representative	Date